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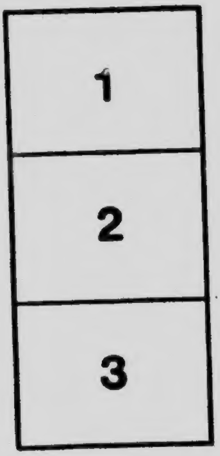

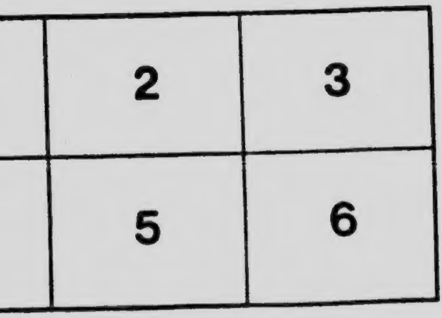

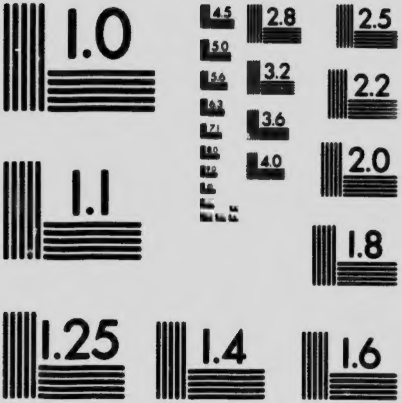

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Counterfeit Money
and the
Pursuit of Righteousness

One of a Series of Short Studies in

Currency, and Industrial Unrest in the Body Politic

◆

By

HENRY B. ASHPLANT

Author of "Flim-Flam Finance" leaflets, etc., etc.)

LONDON : : ONTARIO

COUNTERFEIT MONEY, AND THE PURSUIT OF RIGHTEOUSNESS

The part played by monetary practice and financial exchanges in every country, is a prime factor in the survival and economic maintenance of a minority group in each political state having political and economic interests which do not harmonise with, the political and economic interests of the wealth producing WORKING CLASS in the Commonwealth. The "wealth producing working class" includes all professional and brain-workers, whose incomes are received in exchange **for personal service rendered in the activities of a social state.**

The domination of this working-class DEMOCRACY by that anti-social minority is, in every **political state, secured by the enactments of a legal code which violates moral law, legalising inequity in monetary** exchanges, and inequity in the circulation of domestic currency. **We are referring to a currency which is not what it pretends to be, viz.:—the** equivalent of gold, and is in actual fact COUNTERFEIT MONEY.

By this immoral sanction of the legal code, in violation of moral law, the anti-social minority is provided with unearned increments which **constitute its revenues. These revenues are drawn surreptitiously from the honest earnings of the working class under false pretences. Without these unearned increments this minority could not retain its anti-social control of the industrial equipment of the political state.**

Elimination from the legal code of every enactment which sanctions the issue and circulation of a domestic currency which is not what it pretends to be, and which functions in our industrial exchange precisely as COUNTERFEIT **money does, would automatically destroy the economic foundations on which the anti-social political structure of this** minority is erected, and rests, **in every country,—both in Europe and America. The pursuit of RIGHTEOUSNESS in currency and exchange** legislation is a first charge on the activities of every patriotic statesman; **while the epic tragedy now being enacted in EUROPE is a fateful lesson in the law of retribution which pursues national disregard for moral law in the legal code which governs currency and financial practice.**

Executive officials of the Dominion Trades Congress, of the Canadian Labor Party, and of the United Farmers' Organizations, in Canada, must give a due and proper share of consideration to Currency, Exchange and Finance Machinery. The Canadian Manufacturer's Association could do the same to advantage, and cut out economic illiteracy.

That is an imperative need of the immediate future. There is social danger in delay. No longer can this **all-important part of our industrial and political machinery be left by these executives, to all intents and purposes ignored, except for mere criticism of financiers. A positive, not a negative, policy is urgently needed The executive organizations of**

our working-class combines cannot to-day serve the vital interests of their memberships, with needed efficiency, if they do not understand, and develop public opinion in regard to Currency, Exchange and Finance Machinery. Education must go with organization of the working-class.

There has been plenty of caustic criticism of the Stock Market and of Wall Street, and of banking and finance institutions. That, however, is not constructive. A Stock Exchange may be as essential to a Democracy as it may be to a Capitalist bureaucracy.

The working class will need Exchange machinery in the future, and must learn to appreciate its value to a Democracy. It must learn how to use such machinery aright, rather than to attempt to destroy its ability to serve. We must learn the facts in regard to the structure of the existing machinery of Currency, Exchange and Stock markets. This is fairly easy if you get a clear light shed on its internal economy. ALL FINANCE MACHINERY IS TO-DAY BEING OPERATED BY QUITE ORDINARY PEOPLE. The working class is helping to operate, at least 95 per cent. of all exchange and currency machinery in Canada, the same as it does in Europe. It is the same in Wall Street in the U. S. A., and in every currency organization. Exchange machinery is essential to the welfare of the rank and file of the world's working class. It can, however, be operated to serve and not to oppress the rank and file. It cannot safely be left to the control of an anti-social minority. There is our interest.

To operate any machinery with efficiency it must be understood by the operator. There may be a great many helpers to the expert operator. These helpers may know enough only to do well what they are taught to do as helpers. Such folk are not the experts who understand the machinery. Such helpers, however, have great opportunity to learn if they desire to do so, all about the machinery, and may become expert operators in time.

It is up to the working class, particularly to the Executive officials of the trades unions, the farmers, and labor parties in all countries, in Europe and America to-day, to learn how to become expert operators of Currency, Exchange and Finance Machinery.

To-day a very, very, few expert operators, who quite understand all about Currency and Exchange, are using the working class as helpers to operate this machinery to oppress 95 per cent. and to enrich an anti-social 5 per cent of our citizens.

IS NOT THAT THE SITUATION?

The salaried and professional working class is helping to operate machinery it is making no intelligent and sustained effort to understand as experts. It victimizes itself. This working-class is to blame. Their "knowledge is power" to the 5 per cent; while lack of that knowledge is fatal weakness to the 95. We must become experts ourselves, and not helpers. The Machinery of Exchange is magnificent; we need it. It cannot be destroyed with advantage to the 95 per cent. even though its destruction may paralyse the 5 per cent.

There is no constructive value for the working class in damaging this machinery. We must examine it, analyze it; and learn to understand all about the way it is being operated. Then operate it to the service of the 95 per cent and not oppress the 5 per cent.

At present the working class is "going it blind," in the dark, and no light is coming from our executive officials in regard to the direct and damaging influence on wages and salaries of such vital essentials as currency and Exchange. KARL MARX did not correctly analyse and explain Currency and Exchange, in its relation to the historic evolution of industrial capital. In "Capital" there is no indication of any clear perception of the part played by COUNTERFEIT MONEY and paper currency in capitalist industry.

To bring order out of chaos, a first essential is Light.

In the very beginning of Creation this was so.

The first recorded demand of Creative energy was "Let there be Light!". Let us see our way.

It is so to-day, in relation to Exchange. To bring social order out of industrial and political chaos, developed in the State by the dark methods of capitalist finance, a first essential is Light. Financiers have loved darkness rather than light; and the common people have never seen the truth in this matter of currency and exchange, as these affect wages, via commodity prices.

Focus a searchlight on the dollar, and on the £ Sterling, on the Franc, and on the Mark. Shed a clear light on the way in which currency enters the arteries of trade, and flows through the channels of circulation in the body politic. Let there be light on the national currency. What is a dollar? What is a Franc? What is a Mark? Is it gold, metal or paper? Is it the equivalent in labor time costs of that for which it is exchanged in industry? What does a dollar cost the corporation, in labor time, which puts it into the market to exchange for the services of men and women? What do 100 dollars cost that same corporation? Do a thousand dollars cost that same corporation ten times the labor cost of one hundred? Or 100 multiples of the labor-time cost of $10? If not, why not?

Let there be lots of light on Currency; and what it costs, the same as wheat, and coal, and gold, costs in LABOR-TIME. Is exchange between employer and employee on the equitable basis of equivalents in the pay envelope.

The bullion out of which real dollars are coined in America must pass the test of the assay office as 9-10th (or 90 per cent.) pure gold, mixed with hardening alloy to 1-10th (or 10 per cent.)

No chartered corporation in America can secure that quality of gold bullion without labor expenditure, measured by time. That is what money costs the working class at all times and in all countries. Taking the world market as a whole, every bar of gold bullion will average as in regard to coal, wheat, pig iron, or lumber) the same actual cost in social labor, measured by time: unit for unit. One thousand bars of gold bullion will cost, and cannot (in the world markets) be secured at the same time and place without expending one thousand multiples of time and labor, above the time represented in a single bar. That price in labor-time is the cost of gold dollars for Exchange and Coinage purposes in any country, just exactly as it is true of coal, wheat, pig iron, etc, etc., for international Exchange. That, however, is not true in the case of repeating multiples of COUNTERFEIT CURRENCY, which functions as gold in Exchange. Is that true in regard to one thousand so-called dollars put into the factory pay envelopes of the American working class? If not, why not? That is always true in regard to what the workers give to employers of labor in exchange for their pay envelopes. What about the content of the pay envelope? The question is never asked, "Why is that not true in relation to the Exchange which is given to the American working class by employers of labor?" That vital question points to the weak spot in "Capital", by Karl Marx, because in his treatment of money, exchange and wages, Karl Marx assumes that paper money can only circulate to the extent that gold is withdrawn from circulation. Karl Marx incorrectly claims that the working-class cannot be robbed permanently by the exchange process. Karl Marx argues that the working class is paid in equivalents to gold metal under capitalism. That is precisely what Capital industry has never done. Capitalist production could not function with metal currency, and it has always developed on counterfeits of gold, by the use of paper non-equivalents, in colonial development, and on the American Continent no gold metal, nor its equivalent, is ever found in a pay envelope.

When the assay office has passed gold metal for currency and guaranteed its quality to be 9-10ths pure, the mint machinery will cut that bullion into coins of the same uniform weight. The function of the mint is simply to guarantee the weight of pure gold in a coin, just as the assay office guarantees the quality of the metal, out of which the coin is cut. The Canadian dollar is cut to weigh 25.8 grains, Troy; every dollar the same. Does the working class get paid in dollars as good as gold in Canada?

If so, then $1,000 will cost units of labor time equal to one thousand times 25.8 grains, Troy. That means 25,800 grains, or 53¾ ounces, Troy weight, in gold metal placed in vaults behind every paper $1,000 in circulation. Bear in mind always that every real dollar costs the same labor-time as that for which it is exchanged.

The Currency in every gold standard country works on the same principle. It is a very simple thing to learn and grasp the meaning of any coinage. There is nothing at all mysterious about it, if that coinage is not mixed up WITH COUNTERFEIT MONEY. Every country has decided for itself the Troy weight of its national coin. The reason for such legislation is to get away from uncertainty as to the weight, and has nothing at all to do with value of gold coins. The same gold metal is many times melted down and at different times cut into British sovereigns, or American dollars, or German marks, Russian roubles, Japanese yens, or any other national coin. You can melt up British sovereigns, and have the same gold turned into Canadian dollars. It means only a change in the weights, and of course the exchange value follows the weight. It is a mechanical operation at the mint. A British sovereign weighs in pure gold without alloy 113.0016 grains, Troy. A Canadian dollar weighs in pure gold without alloy 23.22 grains, Troy. If you melt a British sovereign it will cut into as many dollars as 23.22 weight will divide into 113.0016 weight of metal. Simply divide one by the other.

Thus 23.22) 113.0016 (= $4.86656
Grains) Grains (in £1
=one $) =one £ (

That is how you get the par Exchange between London and New York. 4 dollars 86 cents American gold, is mechanically the same thing in gold weight as 1 British sovereign. That cannot change, and did not change during the war. That same principle will yield the par Exchange in roubles, marks, francs, yens, crowns, or any national currency on this Planet in Exchange for Canadian dollars. It yields that to-day, in October, 1920, just as it did in July, 1914. It is absolutely simple and mechanical. Not at all mysterious if you put COUNTERFEIT MONEY OUT OF CIRCULATION and use the actual weight of pure gold in the dollar as a DIVISOR. Then by placing the actual weight of pure gold in any foreign coin as a DIVIDEND factor, you bring out the normal rate of Exchange as a Quotient.

Here for another example is the proof of the normal exchange-rate between New York dollars and the coins of the European countries in the Latin Union. The pure gold weight is exactly the same in the national coins of each country in the Latin Union; as follows, ..

Greece—drachma
Spain— peseta
Italy— lira
France—franc
etc. etc.
} each and all weigh 4.48036 gr. Troy in pure gold content.

That is as true in 1920 as it was in 1914.

The reason for current exchange not being the same lies in the fact that the quantity of uncovered paper is not the same in each country. The volume of COUNTERFEIT MONEY in each country being not the same, the brokers will put an exchange rate on each currency in proportion to its quality.

By using the gold weight in the dollar as a Divisor, and the gold weight in the foreign coin as a Dividend factor, you will find the Quotient to be the normal exchange rate thus:

23.22 gr.) 4.48636 (= 19.295, or 19·3 cents is the
in one $) grains in (quantity of gold in a franc, etc.
) one franc (

The same principle will explain why it is that an ounce, Troy of standard gold is the bullion weight equivalent of £3. 17. 10½. Sterling

Coins. Simply divide the number of grains in an ounce by the exact number of grains in a £ and the answer is £3. 17. 10½. Nothing mysterious about it. When gold bullion is quoted in London at £4. 15. 0. (=95 shillings, or) that is the counterfeit currency price, never paid in gold at any time, in any country. It is easy to see how foolish it would be to pay £4-15s-0d., in gold for £3-17s-10½d., in gold. The £4-15s-0d., is the paper price fixed by exchange brokers; it indicates the presence of COUNTERFEIT MONEY in circulation.

Any ounce of gold metal will be the same gold coin price at any mint in Europe or America to-day that it was in 1914 before the war was declared; and will be mechanically the same when Gabriel blows his trumpet, if the weight of gold in the coin is not changed. The balance of trade never makes any difference at all, at any time to the foreign Exchange rate, if paper money is convertible on demand into gold in the country you are dealing with. It is paper COUNTERFEIT money only which has disorganized the foreign Exchange rates, and the balance of trade has absolutely nothing to do with the Exchange rate, except when the national paper bill of Exchange is not convertible into the gold metal which it pretends to represent. COUNTERFEIT MONEY has disorganized industry.

A bunch of economic illiterates have written and chattered a lot about the balance of trade and the foreign Exchanges.

Before the war the balance of trade was heavily against Canada. Did that cause Canadian Exchange to go heavily below par? It certainly did not, so long as its bill of Exchange was convertible in Canada into gold coins or bullion which it pretends to represent.

In 1914 the Canadian Parliament, led by Sir Thomas White advised by the Bankers' Association, placed Canadian Currency on an inconvertible paper basis. No Finance Minister would have dared to risk the call for redemption of his counterfeit money in gold at such a time. The door was opened for the Stock Market manipulator, and closed to the working class. Huge volumes of COUNTERFEIT money were "discounted" into the arteries of trade and the channels of domestic circulation. Millionaires were "manufactured" like pig-iron out of this currency at the expense to the working class of an enormous rise in the cost of living. The wage fund gets at all times only what the other crowd leaves on the market after counterfeit currency has functioned in the Central Exchanges, and on the Stock Markets as a purchasing DEMAND, and employers of labor get their heads jammed against the heads of their employees owing to the effect on wages of price disturbances. Here is where the C. M. A. should wake up, and cut out its economic illiteracy. *That was the kind of money which patriotic millionaires "discounted" and loaned at around 6 per cent. to save their bleeding country, and the working class owes the money to-day to the millionaires who never lent it, and farmers are expected to work it out in sweat, producing gold value commodities, when "deflation" has left the war debt

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*Market prices of food are not determined by cost of production, but by Demand and supply, and Demand is manipulated by currency operators. Cost of production can modify, but not DETERMINE, prices.

at par gold value, 100 cents on the dollar, and wheat dropped to half its former price. Here is where the western farmer should wake up.

Does anybody think this thing is going to be put across a working class which sees the light? Not very likely. Think it over, the working class is waking up.

THE REACTION ON OUR CREDIT MACHINERY

The fatal consequence to our credit system (and its relation to price disturbances) of this Counterfeit Currency system of finance, arises from the reaction upon the Credit Structure itself, of finance contracts which embody, and rest upon. an immoral principle—an UNRIGHTEOUS policy in practice between debtor and creditor. An anti-christian policy.

In the final analysis, the basis of international credit, so far as current banking practice is concerned, is the ability of a borrower to redeem in GOLD METAL his obligation—viz: the liability he incurs by contract to the creditor. Natural resources do not function as a factor in this contract. In such a contract the creditor refuses to receive from the debtor that which the creditor advanced to the debtor, viz. general produce.

Gold is not borrowed, or lent, nor is gold even transferred to the account of a borrower of credit, by the creditor to the debtor, at the Bank of England, or in any money market.

But the creditor holds the debtors contract to pay back in gold metal a credit which was not advanced in gold metal. That is a very absurd contract. It is an UNRIGHTEOUS contract. It is a fatal economic error to trade on such a basis in violation of moral law. It cannot but react on trade in recurring cycles, mechanically. If you want to harmonise accounts in a credit structure which is out of balance you must discover and eliminate the errors which throw the machine out of balance. The GOLD CLAUSE in a credit contract is such an error. It is an iniquitous thing, and represents idiocy in finance parading as intelligence. It is the tool of an anti-social minority.

We reap to-day the international consequence of such foolish practice, and face the revolt of nature against persistent violation of the moral principles in her economic laws.

Karl Marx, nothwithstanding; it is in the Department of Finance and Exchange. and in Currency Practice, that students must seek, and will find. the secret economic germ of error and unrighteousness which develops feverish social and industrial unrest in the body politic, as it circulates through "the system."

The way out of the difficulty is to "SEEK FIRST RIGHTEOUSNESS" in exchange practice in all countries. Try it first at home. Social, Industrial and Political stability will follow the pursuit.

Be not deceived. This capitalist currency is economic poisin. The "System" through which it circulates is doomed. Righteousness alone will exalt and give stability to any state.

London, October, 1920.

For copies of this leaflet (at 25c dozen) address the author.